

# GlobalPropertyGuide

| Your Guide to the World's Housing Markets

## GLOBAL RESIDENTIAL MARKETS REPORT 15 JUNE 2022

*"Global housing markets - the last wind of the long boom?"*



# The global house price boom may be weakening

Most of the world's property markets are booming. House prices rose in 49 countries, and declined in only 10, of the 59 world's housing markets which have so far published housing statistics, during the past year. (Property statistics are usually issued with a delay of 3 months - these Q1 2022 statistics are the latest stats available).

Even when you adjust for inflation we are still in an amazing global house price boom. House prices have risen in 37, and declined in 22 countries, adjusted for inflation, during the year to Q1 2022.

There are however clear signs of weakness, to which investors should pay attention.

The canary in the coalmine is momentum, which is visibly weaker in real terms: only 20 out of the 59 world's housing markets showed stronger momentum than last year, while 38 housing markets showed weaker momentum. Momentum is a measure of the "change in the change"; simply put, momentum has increased if a property market has risen faster this year than last (or fallen less). Most markets are rising, in real terms, less fast than last year.

In fact the housing boom may be beginning to run out of steam. Not everywhere. Not perhaps alarmingly. But the global trend seems for the boom to weaken. Add increased inflation over the last 3 months consequent on the Ukraine war, and the direction of travel is clear.

## During the year to Q1 2022:

- In the United States, always a key market, momentum is mixed, with the Case-Shiller index registering a slightly stronger momentum while the FHFA index shows weaker momentum. Indicators of confidence are weakening.
- Europe's housing markets have remained buoyant, but the pace of growth is slowing
- Asian housing markets are mixed, more have been losing steam than rising, though some have grown strongly.
- Pacific markets and the Middle East are another mixed case
- Latin American markets are weakening

## HOUSE PRICE CHANGE (INFLATION-ADJUSTED)

COUNTRY	year on year (%)		q-o-q(%)
	Q1 2021	Q1 2022	Q1 2022
Turkey	13.59	↑ 30.30	14.37
Russia	5.23	↑ 18.78	11.32
Vietnam (HCMC)	-0.17	↑ 15.49	5.22
Slovak Republic	20.60	↓ 12.88	4.06
Australia (8 capital cities)	6.64	↑ 12.18	1.94
Iceland	4.03	↑ 11.64	2.76
Taiwan	9.43	↑ 11.06	3.14
US (Case-Shiller)	10.58	↗ 11.05	2.63
Canada	8.39	↑ 11.01	1.50
Portugal	2.70	↑ 10.57	3.51
South Korea	11.73	↓ 10.49	-1.20
Pakistan	5.21	↑ 10.41	1.02
US (FHFA)	10.96	↘ 9.97	2.24
Jersey	8.35	↑ 9.86	-3.07
Japan (Tokyo)	9.63	↘ 9.49	0.91
Romania	-3.28	↑ 9.48	-0.60
Netherlands	9.22	↘ 8.90	-0.16
Ireland	3.50	↑ 7.93	-0.25
Sweden	11.16	↓ 7.90	-0.65
UAE (Dubai)	-0.48	↑ 7.54	1.30
UK (Nationwide)	5.33	↑ 6.73	1.78
Germany	9.59	↓ 5.84	0.34
Austria (Vienna)	9.48	↓ 5.68	2.22
China (Beijing)	9.48	↓ 5.53	1.32
North Macedonia	1.58	↑ 5.44	-0.76
Lithuania	5.49	↘ 4.69	-3.02
Latvia (Riga)	-0.66	↑ 4.64	0.65
Finland	1.00	↑ 4.50	2.68
Chile	7.31	↓ 4.49	3.40
France	4.89	↓ 3.56	0.88
Norway	7.94	↓ 3.26	3.90
Puerto Rico	17.00	↓ 2.87	5.96
Denmark	7.29	↓ 2.69	-0.58
Singapore	5.31	↓ 2.22	-1.43
Egypt	22.61	↓ 1.57	4.62
Estonia	9.09	↓ 1.35	-0.26
New Zealand	22.20	↓ 0.93	-3.34
Mexico	2.50	↓ 0.41	-0.09
Israel	5.22	↓ -0.31	-1.55
Indonesia	-0.08	↘ -0.48	-0.56
Saudi Arabia	-4.07	↑ -0.54	0.09
Switzerland	1.80	↓ -0.66	-0.28
Thailand	0.37	↓ -1.48	-2.40
Macau	-0.06	↓ -1.50	-3.22
Qatar	-3.18	↑ -1.69	3.30
Malaysia	-0.94	↓ -2.25	-2.86
Malta	2.75	↓ -2.65	-2.32
Hong Kong	2.35	↓ -3.84	-4.23
Poland (Warsaw)	5.95	↓ -4.16	-2.26
Montenegro	28.70	↓ -5.49	2.50
Ukraine (Kiev)	3.09	↓ -5.77	-1.81
Brazil (Sao Paulo)	-1.73	↓ -6.39	-1.84
Philippines (Makati CBD)	-23.59	↑ -6.54	-0.25
Spain	0.14	↓ -6.85	-3.56
Italy	0.34	↓ -7.76	-3.73
Peru	-0.35	↓ -8.35	-1.25
Morocco	1.13	↓ -10.57	-1.87
Colombia (Bogota)	0.60	↓ -11.55	-8.08
Cambodia	-4.51	↓ -19.15	-5.76
Sri Lanka (Colombo)	2.04	↓ -19.84	-3.25

↑ - more than 1 percentage point increase in house price change  
 ↓ - more than 1 percentage point decrease in house price change  
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 ↘ - less than 1 percentage point decrease in house price change compared to same period of last year

The strongest housing markets in our global house price survey during the year to Q1 2022 included: Turkey (+30.3%), Russia (+18.78%), HCMC, Vietnam (+15.49%), Slovak Republic (+12.88%) and Australia (+12.18%), using inflation-adjusted figures.

The biggest y-o-y house price decline was in Colombo, Sri Lanka (-19.84%), Cambodia (-19.15%), Bogota, Colombia (-11.55%), Morocco (-10.57%) and Peru (-8.35%), again using inflation-adjusted figures.

In its April 2022 World Economic Outlook Update, the International Monetary Fund (IMF) slashed its 2022 global economic growth projection to 3.6%, down from its earlier estimate of a 4.4% expansion and from the previous year's strong growth of 6.1%, amidst surging inflation and Russia's invasion of Ukraine.

Inflation has been a factor in house price rises in many countries. Most obviously in Turkey. Turkish inflation was a scary 61.4% in March and 73.5% in May. Turkish house prices have risen by 109.97% during the year to Q1 2022 - and even in inflation-adjusted terms Turkish house prices have risen 30.30%.

Inflation also appears to have been echoed by house prices in Russia (inflation was 16.7% y-o-y in March, and real house prices went up 18.78%).

## HOUSE PRICE CHANGE (NOMINAL)

COUNTRY	year on year (%)		q-o-q(%)
	Q1 2021	Q1 2022	Q1 2022
Turkey	31.98	↑ 109.97	40.46
Pakistan	14.79	↑ 24.43	3.99
Russia	11.07	↑ 32.50	17.19
Slovak Republic	21.78	↑ 23.34	8.47
Lithuania	7.22	↑ 21.15	3.24
US (Case-Shiller)	13.48	↑ 20.54	5.83
Romania	-0.86	↑ 19.94	3.83
Netherlands	11.28	↑ 19.49	4.61
Iceland	8.54	↑ 19.08	5.46
US (FHFA)	13.06	↑ 18.73	4.58
Canada	10.77	↑ 18.41	4.95
Vietnam (HCMC)	1.02	↑ 18.17	7.14
Australia (8 capital cities)	7.83	↑ 17.92	4.11
Latvia (Riga)	-0.37	↑ 16.65	5.65
Jersey	9.25	↑ 16.44	0.17
Portugal	3.12	↑ 15.27	5.05
Ireland	3.50	↑ 15.18	2.17
South Korea	13.44	↑ 15.02	0.58
Taiwan	10.81	↑ 14.66	4.05
Estonia	9.80	↑ 14.36	4.18
Chile	10.41	↑ 14.32	6.90
Germany	11.46	↑ 13.50	4.11
Sweden	12.87	↗ 12.94	0.98
UK (Nationwide)	6.30	↑ 12.57	3.03
North Macedonia	3.20	↑ 12.36	2.93
Egypt	28.25	↓ 12.24	9.55
Austria (Vienna)	10.94	↗ 11.85	3.75
UAE (Dubai)	-4.33	↑ 11.31	2.60
Japan (Tokyo)	9.20	↑ 10.81	1.92
Finland	2.06	↑ 9.62	6.37
Denmark	8.33	↘ 8.21	2.49
Puerto Rico	18.18	↓ 8.12	7.88
New Zealand	24.06	↓ 7.88	-1.66
Singapore	6.64	↑ 7.77	0.69
Mexico	6.59	↑ 7.71	2.02
France	5.67	↑ 7.35	3.17
Norway	11.14	↓ 7.19	4.63
China (Beijing)	9.83	↓ 7.10	2.42
Poland (Warsaw)	8.92	↓ 5.10	1.47
Brazil (Sao Paulo)	4.27	↘ 4.19	1.31
Thailand	0.35	↑ 4.17	0.47
Montenegro	29.68	↓ 3.77	8.96
Israel	5.15	↓ 3.04	-0.56
Qatar	-3.49	↑ 2.66	2.63
Spain	1.48	↗ 2.30	-0.22
Malta	2.82	↓ 1.77	-0.36
Indonesia	1.35	↗ 1.77	0.68
Ukraine (Kiev)	5.04	↓ 1.75	0.46
Saudi Arabia	0.68	↗ 1.49	0.83
Switzerland	1.36	↗ 1.40	0.50
Malaysia	0.70	↘ -0.10	-2.00
Macau	-1.10	↗ -0.54	-2.91
Italy	1.12	↓ -1.80	-0.30
Peru	2.24	↓ -2.10	0.56
Hong Kong	2.96	↓ -2.13	-3.20
Philippines (Makati CBD)	-20.16	↑ -2.81	1.35
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Sri Lanka (Colombo)	6.25	↓ -4.83	3.13
Morocco	1.23	↓ -5.83	0.60
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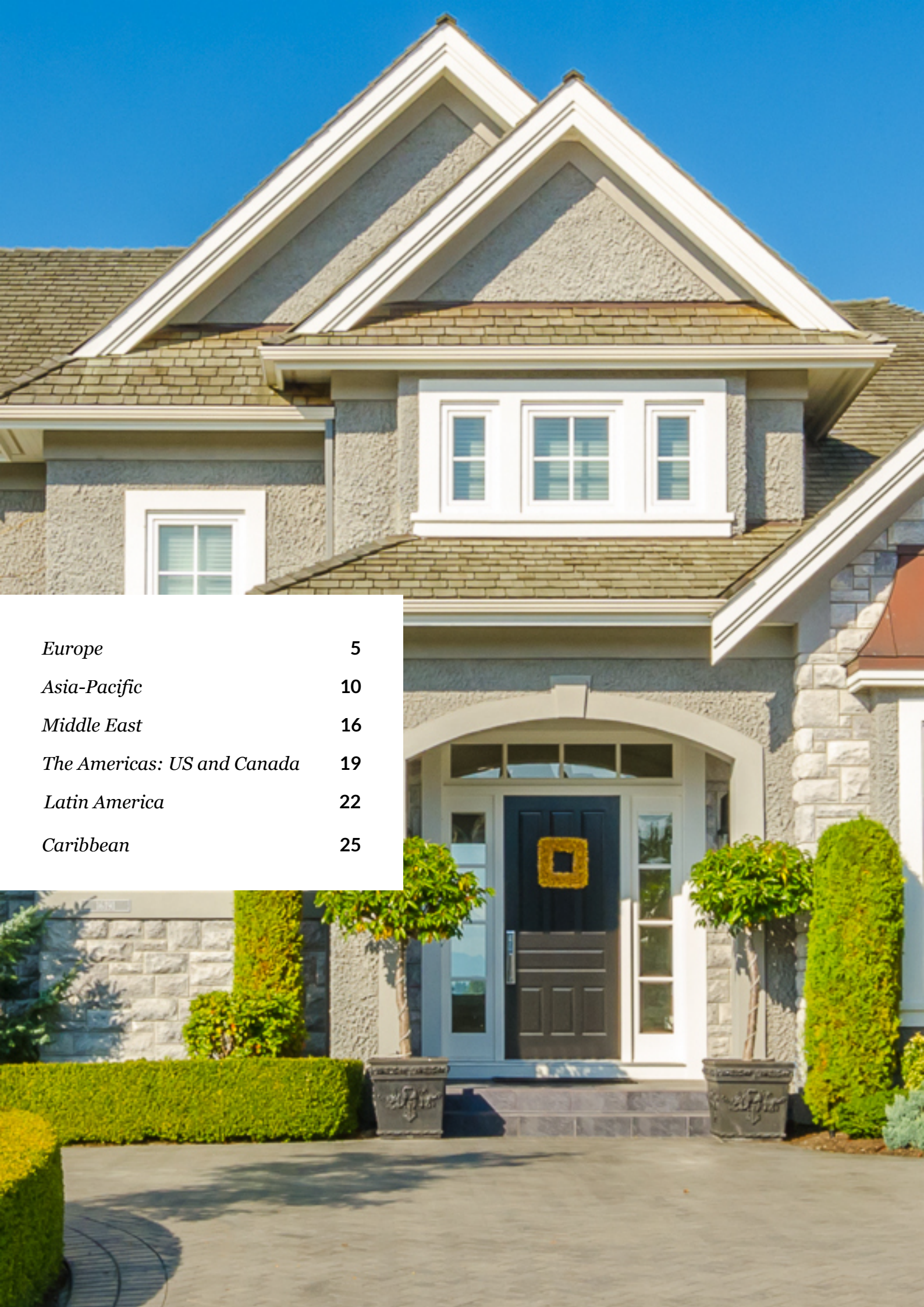
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But actually, it is hard to tie most countries' house price movements directly to their inflation rates.

Central banks' response to inflation will be very important. Turkey aside, most economists blame supply-side factors like oil supply shortages for today's high inflation rates. If so, elevated inflation rates should be temporary, which gives central banks an excuse for not raising interest rates much. But what if these high inflation rates are not temporary? What if inflation catches on and feeds on itself? Then, perhaps, significant interest rate hikes would be necessary. Then the likelihood is that interest rate rises would crash many property markets, and crashing the property market would crash many economies.

Welcome to the future.





<i>Europe</i>	5
<i>Asia-Pacific</i>	10
<i>Middle East</i>	16
<i>The Americas: US and Canada</i>	19
<i>Latin America</i>	22
<i>Caribbean</i>	25

# THE WORLD'S REGIONS:

## Europe's housing markets remain buoyant, but the pace of growth is slowing

House prices have risen in no less than 21 of the 28 European housing markets for which figures were available in Q1 2022. Yet only 11 countries had stronger momentum in Q1 2022 compared to a year earlier. The pace of growth is noticeably slowing, amidst the economic repercussions of the Covid-19 pandemic, coupled with the ongoing Ukraine crisis.

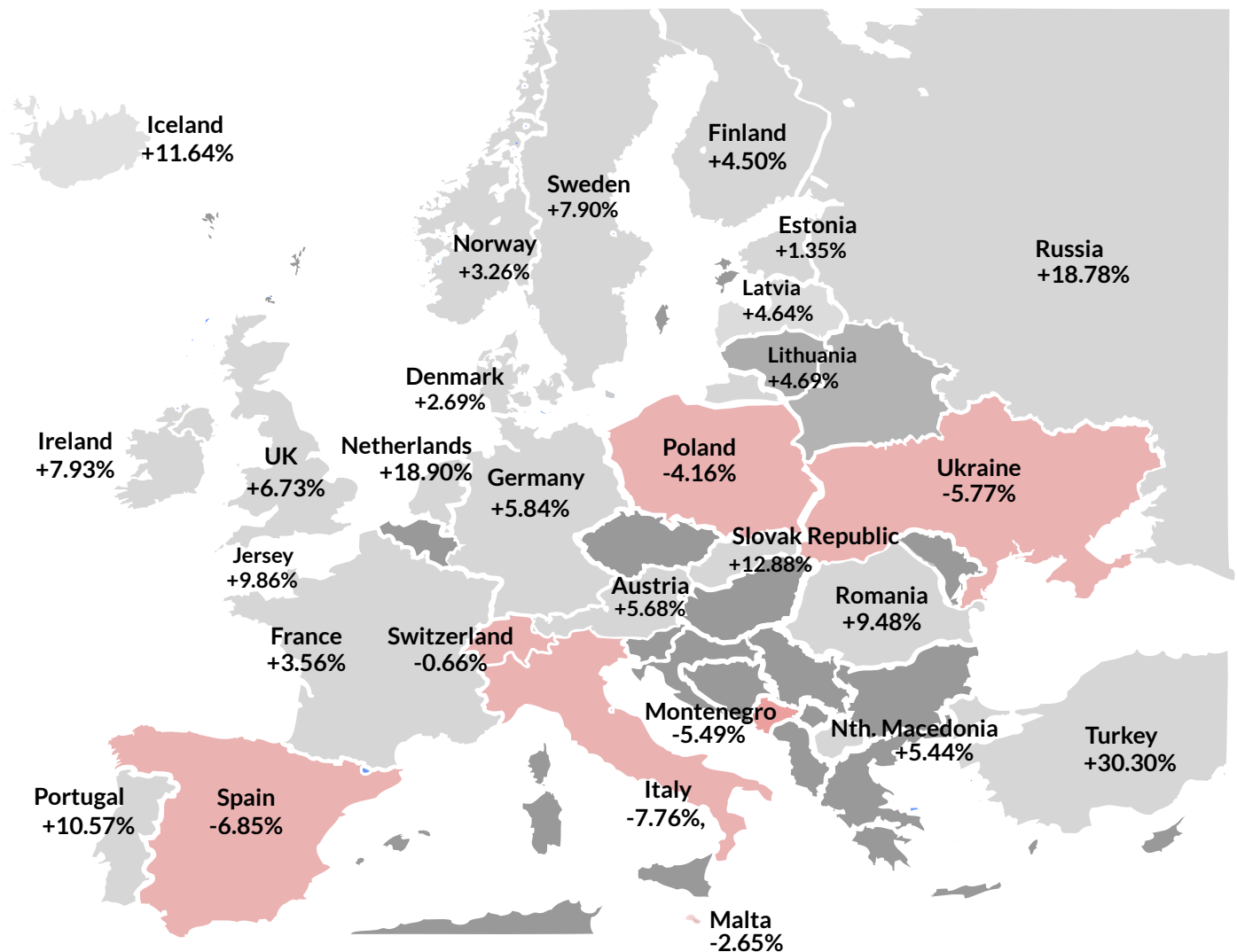
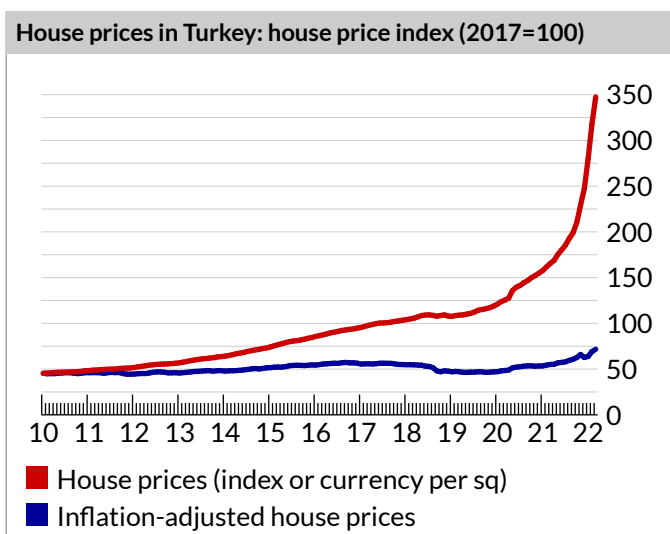


Figure 1. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures



**Turkey's** housing market is red-hot, buoyed by strong demand from both local and foreign investors. The nationwide house price index surged by 30.30% during the year to Q1 2022, far higher than the previous year's 13.59% y-o-y increase and its best showing in recent history. On a quarterly basis, real house prices rose strongly by 14.37% in Q1.



Turkish President Tayyip Erdogan introduced an economic plan that prioritizes growth, investment, employment, and exports, pushed by a series of unorthodox interest rate cuts. The plan sparked hyperinflation and a currency crisis, with the nationwide inflation rate skyrocketing to 73.5% in May 2022 – the highest level since 1998. The value of the lira against the dollar tumbled by 44% in 2021 and by another 20% this year – its worst since Erdogan came to power nearly two decades ago. But for foreigners, the plunge in Turkey's currency value means that the property market is very attractively priced, luring many buyers from the Gulf.

Turkey's economy grew by a robust 11% in 2021 from a year earlier, its highest growth in a decade. The economy however is projected to slow sharply this year, as inflation surges following the lira's crash, and with the Ukraine crisis adversely impacting tourism.

**Russia's** housing market was growing impressively before it launched the invasion of Ukraine. Nationwide real house prices soared by 18.78% in Q1 2022 from a year earlier, a sharp acceleration from a y-o-y increase of 5.23% in Q1 2021 and its strongest showing since Q3 2007, buoyed by double-digit increases in real estate investment, and its fifteenth consecutive quarter of y-o-y price increases. Moscow's house prices were up by a huge 20.49% y-o-y in Q1 2022, up from the previous year's 15.98% growth and its second biggest increase in almost 15 years. During the latest quarter, nationwide house prices rose by 11.32%.

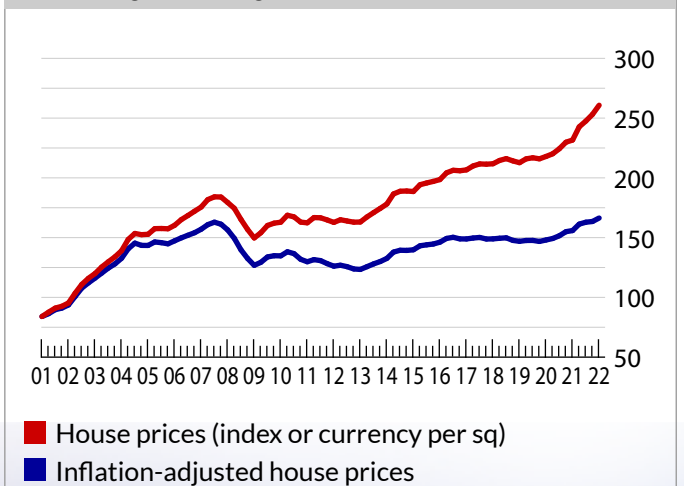
However, the outlook is now gloomy as hundreds of thousands of Russians have left the country over the last two months and have been purchasing properties in other countries instead, such as Dubai, amidst sweeping sanctions from Western nations in retaliation to the country's invasion of Ukraine. The economy is projected to contract by 7.8% this year, according to the Ministry of Economic Development.

Other European housing markets with impressive growth include **Slovak Republic**, with house prices rising by 12.88% y-o-y in Q1 2022, **Iceland** (11.64%), **Portugal** (10.57%), **Jersey** (9.86%), **Romania** (9.48%), **Netherlands** (8.90%), **Ireland** (7.93%), and **Sweden** (7.90%). All, except Slovak Republic, Netherlands and Sweden, had stronger performances in Q1 2022 compared to the previous year. Yet only Slovak Republic, Iceland and Portugal recorded positive quarterly house price growth during the latest quarter.

The **UK's** housing market continues to grow, amidst strong overall economic growth. Real house prices rose by a healthy 6.73% y-o-y in Q1 2022, following a 5.33% growth a year earlier. Quarter-on-quarter, real house prices increased 1.78% during the latest quarter. In London, while nominal house prices rose by 7.41% y-o-y in Q1 2022, real prices increased only slightly by 1.83%. All other regions saw real house price rises during the year to Q1 2022.

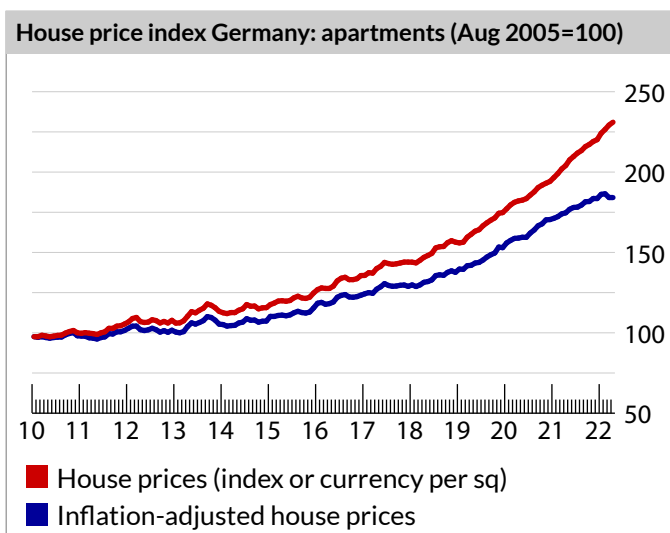
Yet demand is slowing despite a chronic housing shortage in the country. Residential property transactions (seasonally-adjusted) in the UK fell by 22% y-o-y to 433,160 in the first four months of 2022, following 42.4% growth during 2021. In England, which accounts for more than three-fourths of all transactions, residential property sales fell 25.7% to 327,630 in Q1 2022 from a year earlier. Economic growth is projected at a modest 3.7% this year, following a strong growth of 7.4% in 2021 and a historic plunge of 9.3% in 2020.

United Kingdom average house price (in 1,000 British Pounds)





**Germany's** housing market continues to grow, albeit at a much slower pace, with the average price of apartments rising by 5.84% during the year to Q1 2022, following y-o-y rises of 7.68% in Q4 2021, 8.96% in Q3, 11.68% in Q2 and 9.59% in Q1. It was the lowest annual growth since Q3 2018. On a quarterly basis, house prices increased by a meagre 0.34% in Q1 2022.



Germany's housing market has been growing continuously in the past eight years, with house prices up by more than 70% from Q1 2014. Demand for residential property in Germany remains strong, buoyed by low interest rates, urbanization, migration, as well as healthy household finances. But supply is not keeping up with the strong demand.

In Q1 2022, dwelling permits fell by 3.6% y-o-y, following annual growth of 3.4% in 2021 and 2.2% in 2020. Recently, the German government slashed its growth forecast for 2022 to 2.2% from its initial projection of 3.6%, as Russia's invasion of Ukraine, the continuing Covid-19 crisis, as well as sanctions and high energy prices take a toll on output.

Moderate house price rises were also seen in Vienna, **Austria** (5.68%), **North Macedonia** (5.44%), **Lithuania** (4.69%), Riga, **Latvia** (4.64%), **Finland** (4.50%), **France** (3.56%), and **Norway** (3.26%). All, except North Macedonia and Lithuania, saw positive quarterly price rises during Q1 2022. But only North Macedonia, Latvia and Finland performed better in Q1 2022 compared to the previous year.

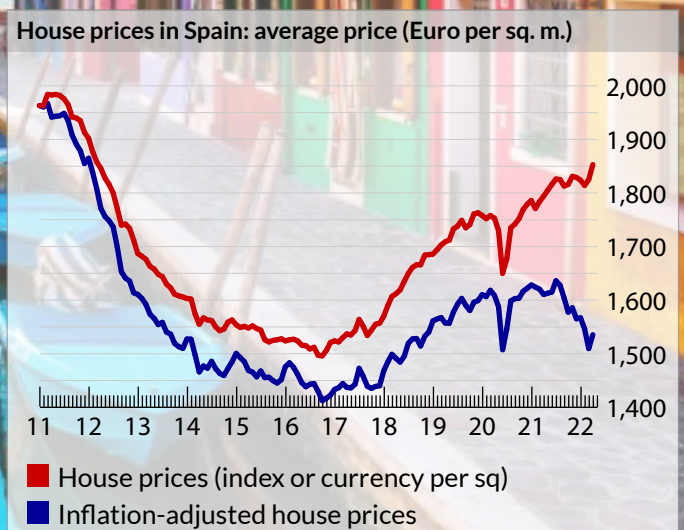
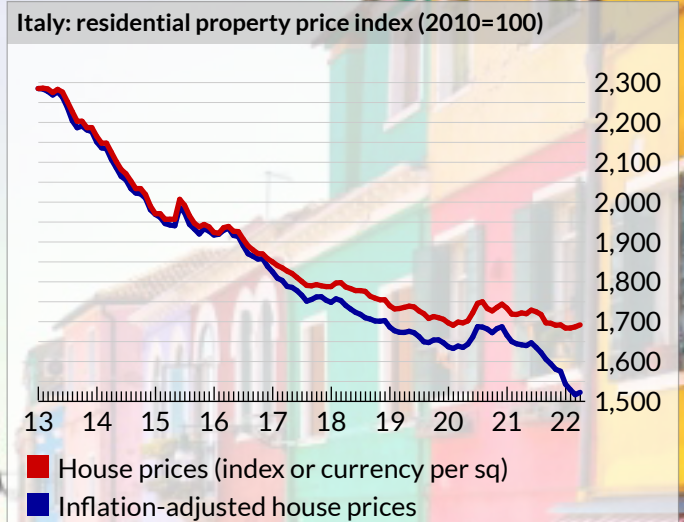
Minimal house price rises were recorded in **Denmark** (2.69%) and **Estonia** (1.35%). Both countries had weaker performances in Q1 2022 from a year earlier and saw slight quarterly price falls of 0.58% and 0.26%, respectively, during the latest quarter.

## Europe's weakest housing markets

**Italy's** housing market is weakening again, with nationwide house prices falling by 7.76% during the year to Q1 2022, in contrast to a slight growth of 0.34% a year earlier. This is the biggest y-o-y decline in Italy's house prices for seven years. Quarter-on-quarter, prices dropped 3.73% in Q1. Economic growth is projected to slow to 2.4% this year, from a 6.6% expansion in 2021.

**Spain's** housing market is also losing steam, with house prices falling by 6.85% in Q1 2022 from a year earlier, following a minuscule increase of 0.14% in Q1 2021. On a quarterly basis, house prices fell 3.56% during the latest quarter. The Spanish economy is expected to expand by 4% in 2022, following a 5.1% growth in 2021 and a 10.8% contraction in 2020.

Moderate to minimal house price falls were also registered in Kiev, **Ukraine** (-5.77%), **Montenegro** (-5.49%), Warsaw, **Poland** (-4.16%), **Malta** (-2.65%) and **Switzerland** (-0.66%). All recorded weaker performances in Q1 2022 compared to a year earlier. All, except Montenegro, saw quarterly price falls during the latest quarter



## Pacific housing markets are mixed

The Pacific showed mixed results, with Australia's housing market continuing to strengthen, while New Zealand is slowing dramatically.

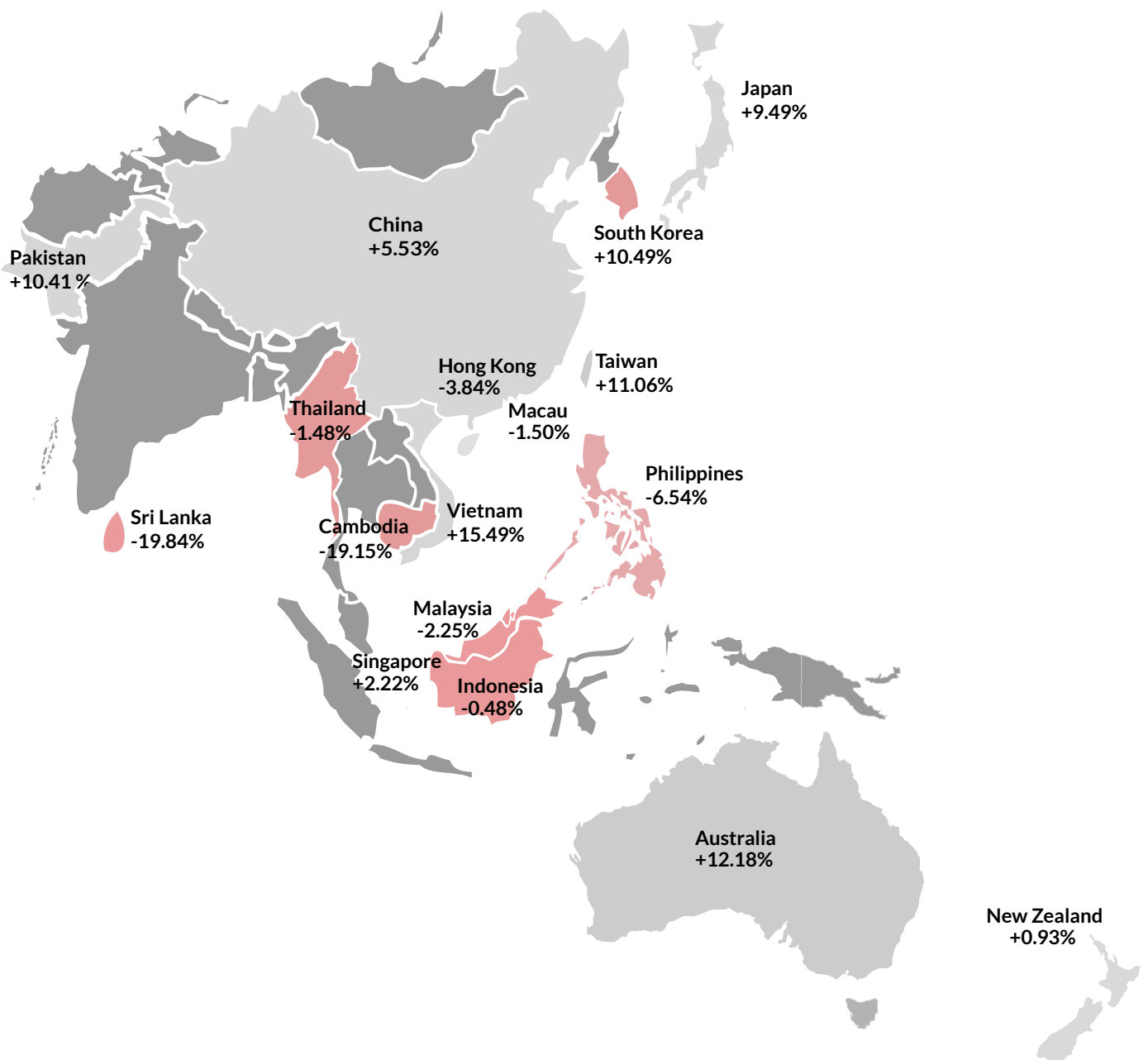


Figure 2. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

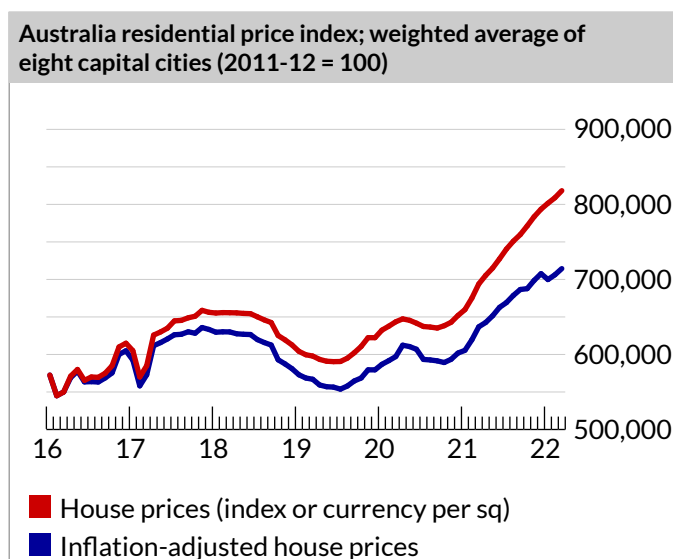


**Australia's** housing market is heating up, with record-low interest rates fueling demand. House prices in the country's eight major cities rose by 12.18% during the year to Q1 2022, almost double the previous year's 6.64% rise.

Quarter-on-quarter, prices rose 1.94%.

Demand remains robust while construction activity is falling. New home sales in the first four months of 2022 remain exceptionally strongly and slightly higher than the same period last year, according to the Housing Industry Association (HIA). During 2021, dwelling sales reached 653,000 units – about 40% above the decade's average and the highest annual sales on record. On the other hand, dwelling approvals fell by 25.3% y-o-y to 59,439 units in Jan-Apr 2022.

Australia's economy grew by 4.7% in 2021, and is expected to grow by another 4.2% this year, according to the Reserve Bank of Australia (RBA).



**New Zealand's** house price growth is slowing sharply, amidst rising borrowing costs and increasing housing supply. Median house prices rose by a meagre 0.93% (inflation-adjusted) in Q1 2022 from a year earlier, a sharp slowdown from a y-o-y increase of 22.2% in Q1 2021. It was the lowest growth recorded since Q4 2018 when house prices fell slightly by 0.1% y-o-y. On a quarterly basis, real house prices fell 3.34% in Q1 2022.

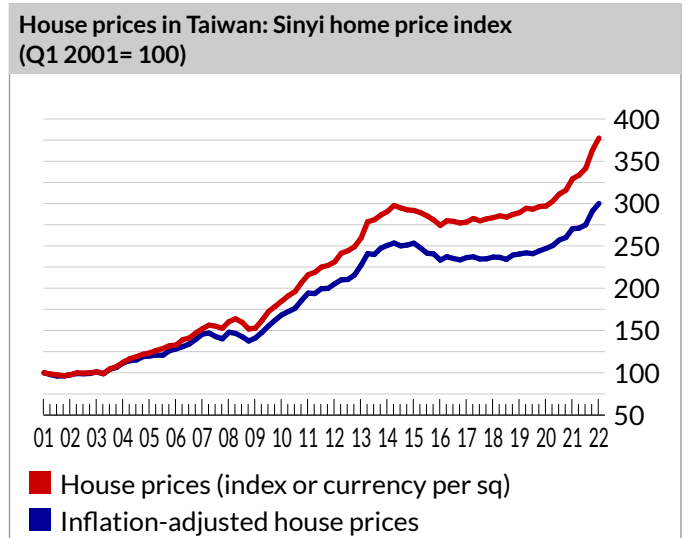
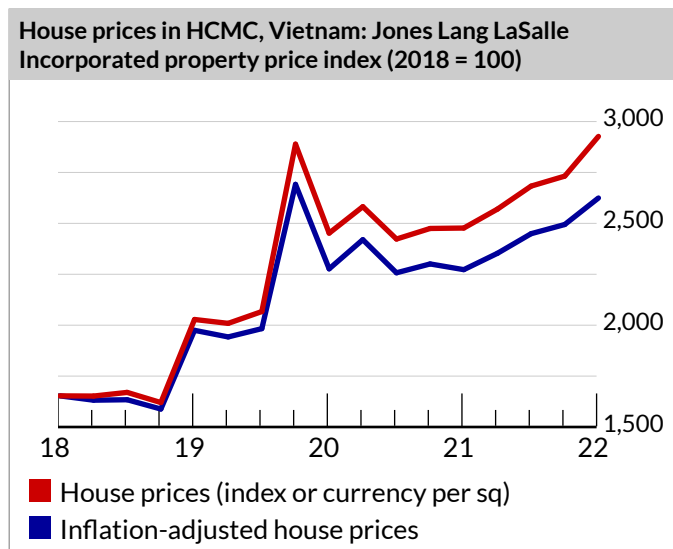
Demand is now falling. In April 2022, residential property sales across New Zealand plunged 35.2% y-o-y to 4,860 units, amidst the recent changes to the Credit Contracts and Consumer Finance Act (CCCFA) lending rules and the growth in available stock, according to the Real Estate Institute of New Zealand (REINZ). The total number of properties available for sale nationally surged 70.8% to 27,050 units in April 2022 from just 15,838 units a year earlier.

New Zealand's economy is projected to grow by a modest 2.7% this year, after a growth of 5.6% in 2021 and a contraction of 2.1% in 2020.

## Asian housing markets losing steam

House prices rose in seven Asian countries, and fell in eight countries. Only four of the fifteen Asian housing markets included in our global survey showed stronger momentum in Q1 2022 compared to a year earlier. However striking exceptions to the slowdown in Asian markets include Vietnam, Taiwan, South Korea and Pakistan.

**Vietnam's** property market is gathering pace, after a sharp slowdown in recent years due to the Covid-19 pandemic. Apartment prices in Ho Chi Minh City rose strongly by 15.49% y-o-y in Q1 2022, in stark contrast from a y-o-y decline of 0.17% in Q1 2021. Quarter-on-quarter, house prices increased 5.22% in Q1 2022. The economy is projected to grow strongly by 6% this year, following modest growth of 2.58% in 2021 and 2.91% in 2020.

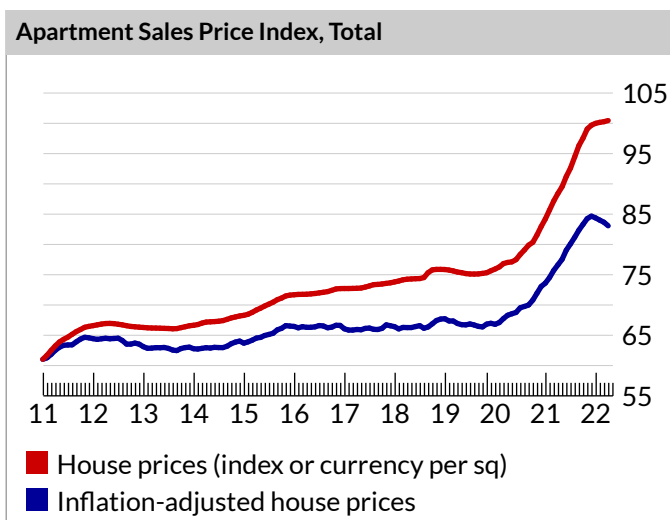


**Taiwan's** housing market continues to show impressive growth. Nationwide real house prices soared by 11.06% in Q1 2022 from a year earlier, up from the previous year's 9.43% growth and its second best showing since Q4 2013.

Quarter-on-quarter, house prices increased 3.14% during the latest quarter. Demand remains strong, with property transactions in Taiwan's six major cities – Taipei, New Taipei, Taoyuan, Taichung, Tainan and Kaohsiung – rising by 4.4% y-o-y in Q1 2022, the highest in the first quarter in 11 years despite the introduction of market-cooling measures.

The Taiwanese economy is projected to grow by 3.91% this year, following a 6.28% expansion in 2021.

**South Korea's** housing market continues to grow, despite the recent interest rate hikes. House prices rose sharply by 10.49% in Q1 2022 from a year earlier, following a y-o-y increase of 11.73% in Q1 2021. However on a quarterly basis, house prices fell by 1.2% in Q1. The Bank of Korea (BOK) expects the economy to grow by a modest 2.7% in 2022, following a 4% expansion in 2021 and a 0.9% contraction in 2020.

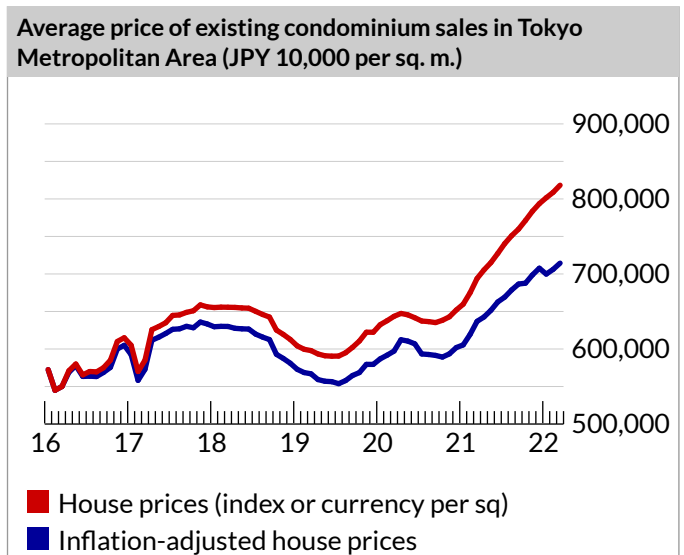


**Pakistan** continues to strengthen, with the nationwide residential property price index rising by 10.41% during the year to Q1 2022, twice the previous year's 5.21% y-o-y increase, amidst growing investor interest and improving economic conditions. Quarter-on-quarter, prices increased 1.02% during the latest quarter.

Pakistan's economy is expected to grow by 4% this year, following a growth of 3.9% in 2021 and a slight contraction of 0.5% in 2020.

**Japan's** house prices continue to increase strongly, despite falling demand. The average price of existing condominiums in Tokyo rose by 9.49% during the year to Q1 2022, at par with the previous year's 9.63% y-o-y increase. During the latest quarter, existing condominium prices increased 0.91%.

Yet existing condominium sales in Tokyo fell by 17% y-o-y to 9,419 units in Q1 2022 while sales of existing detached houses were down 19.3% y-o-y to 4,652 units. Due to a disappointing showing for the economy in Q1, the IMF slashed its Japan's 2022 economic growth forecast to 2.4%, down from its earlier estimate of 3.3% but still up from the previous year's 1.7% expansion.



House prices continue to rise in Beijing, **China** (5.53%) and **Singapore** (2.22%) but both showed weaker performances in Q1 2022 compared to a year earlier. On a quarterly basis, house prices in China rose by 1.32% but declined by 1.43% in Singapore.



## Asia's weakest housing markets

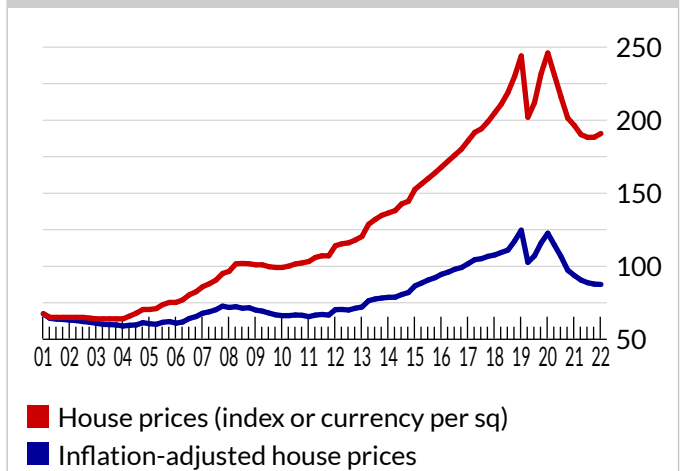
The three weakest housing markets in our global survey are in Asia.

**Sri Lanka** is now the weakest housing market in our global house price survey, amidst the country's ongoing economic crisis. The average price of high-end condominium unit in Colombo fell by a huge 19.84% y-o-y in Q1 2022, in stark contrast to the previous year's 2.04% increase. Quarter-on-quarter, prices dropped 3.25% in Q1.

Sri Lanka is now on the brink of bankruptcy and has just recently defaulted on its debt for the first time in its history, as it struggles with its worst financial crisis in more than 70 years. The ongoing economic crisis has fueled anti-government protests and a political crisis, with a power struggle between President Gotabaya Rajapaksa and the Parliament.

**Cambodia's** house prices are plunging, amidst an oversupply of apartments. The average price of high-end condominium units in Phnom Penh plummeted by 19.15% y-o-y in Q1 2022, far worse than the previous year's 4.51% decline. On a quarterly basis, high-end condo prices fell 5.76% in Q1 2022. The Cambodian economy is projected to grow by 5.1% this year and by another 5.9% in 2023, following a 5.1% expansion in 2021 and a 3.1% contraction in 2020.

Apartment prices in Makati, Philippines: prime 3BR condos (1,000 PHP/ sq. m.)



The **Philippines'** housing market remains weak, despite gradually improving economic conditions.

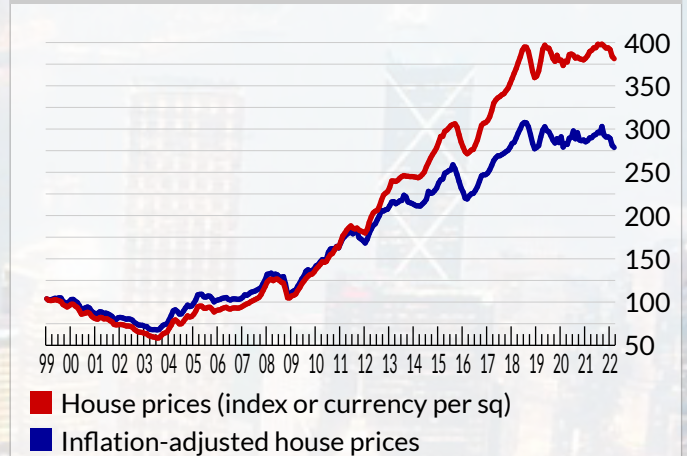
The average price of 3-bedroom condominium units in Makati CBD fell by 6.54% during the year to Q1 2022, an improvement from a y-o-y decline of 23.59% in Q1 2021.

Quarter-on-quarter, house prices in the CBD fell slightly by 0.25% in Q1 2022. The government targets a growth of between 7% and 9% this year, following an expansion of 5.6% in 2021 and a contraction of 9.6% in 2020.



Other weak Asian housing markets included **Hong Kong**, with house prices falling by 3.84% during the year to Q1 2022, **Malaysia** (-2.25%), **Macau** (-1.50%), **Thailand** (-1.48%), and **Indonesia** (-0.48%). All saw quarterly price falls during the latest quarter and all had weaker performances in Q1 2022 compared to a year earlier.

Hong Kong house prices: private domestic price index, all classes (1999=100)



## The Middle East's diverse housing markets

The Middle East showed mixed results, with Dubai, UAE registering sharp rises while Morocco is now weakening. In contrast, Egypt, Israel, Saudi Arabia and Qatar remain more or less steady.

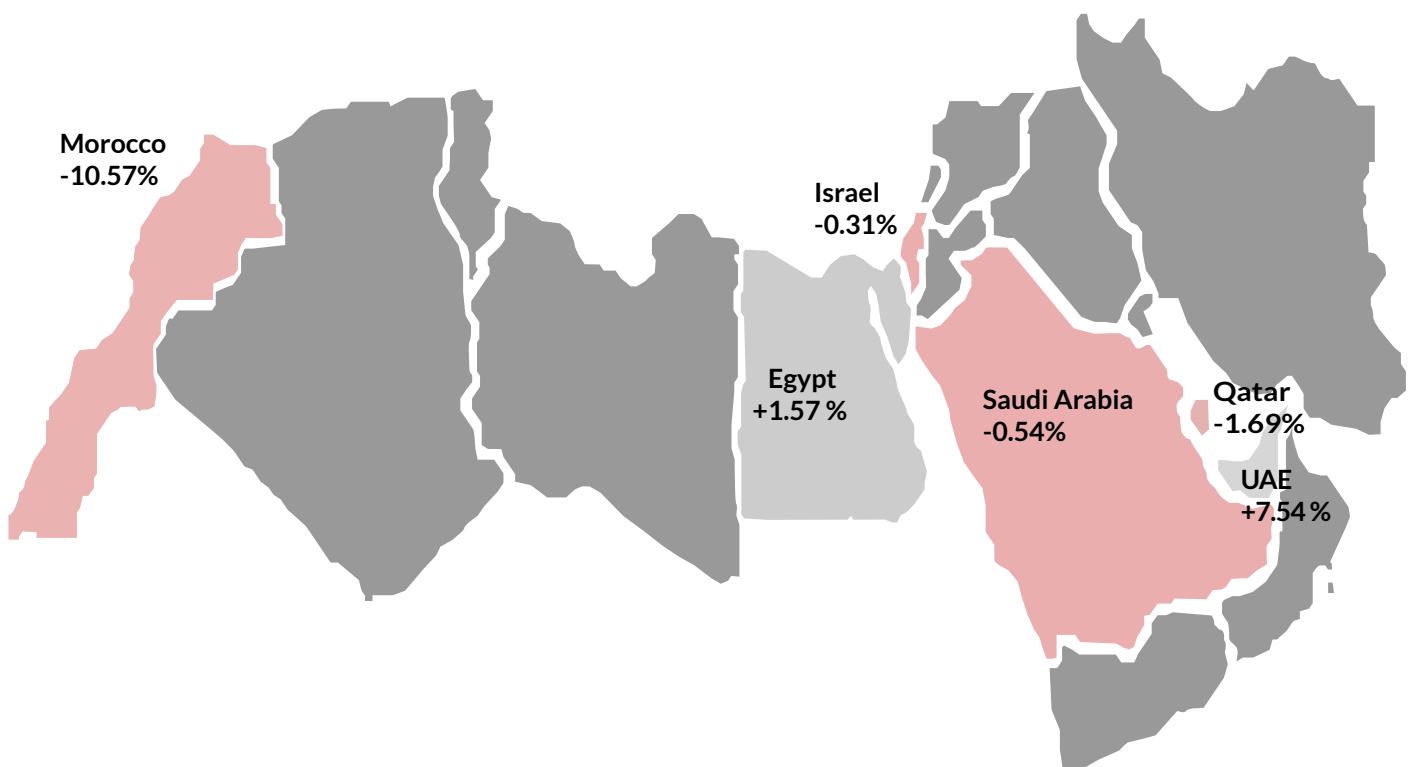
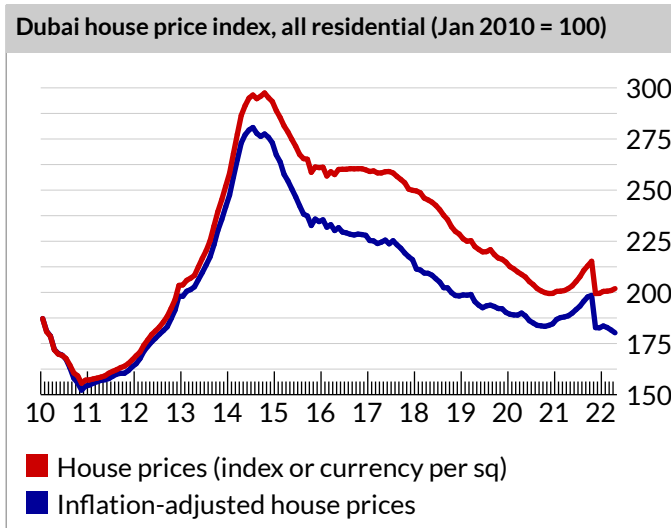


Figure 3. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

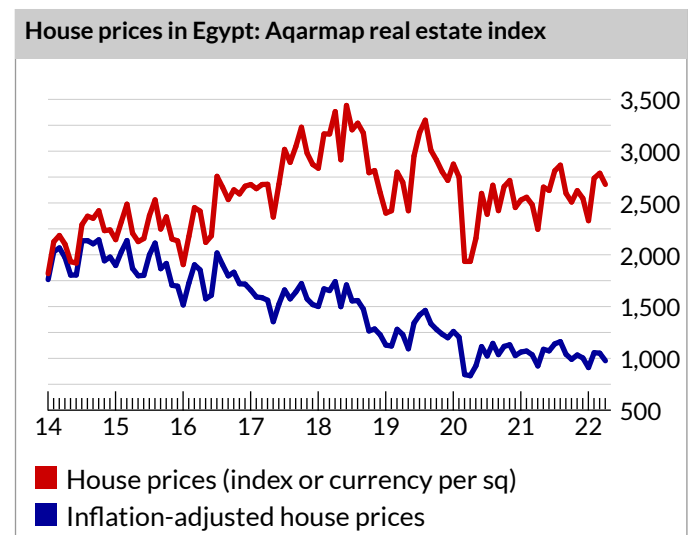


The **UAE's** housing market made a surprise comeback, with Dubai's residential property prices rising strongly by 7.54% y-o-y in Q1 2022, in sharp contrast to a y-o-y decline of 0.48% in Q1 2021. It was its fourth consecutive quarter of annual price increases after continuously falling from Q1 2015 to Q1 2021. During the latest quarter, house prices in Dubai increased 1.3% q-o-q.

Dubai's economy is projected to expand by 4.2% this year, following a modest growth of 2.3% in 2021 and a contraction of 6.1% in 2020, thanks to strong gains in oil prices and increased oil output, coupled with high vaccination rollout and looser restrictions.



**Egypt's** house price movement remains erratic, with the nationwide real estate index rising slightly by 1.57% in Q1 2022 from a year earlier, a sharp slowdown from an expansion of 22.61% in Q1 2021. Real house prices increased 4.62% q-o-q during the latest quarter. The economy is projected to grow by a healthy 5.9% this year, after expanding by 3.3% in 2021 and 3.6% in 2020.



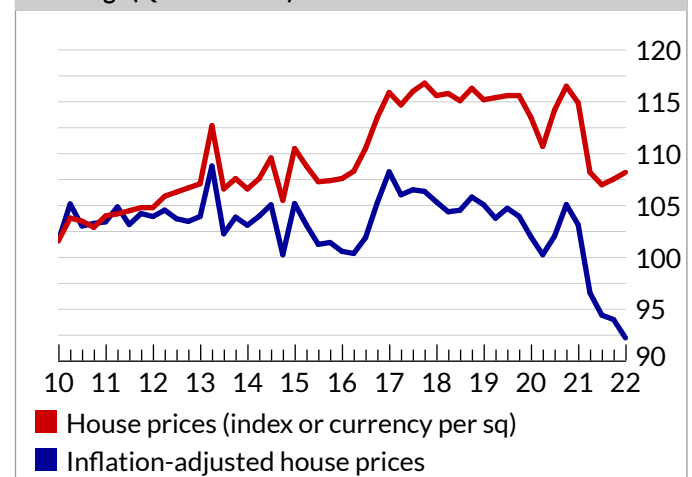
**Israel's** housing market is losing steam, with the nationwide average price of owner-occupied dwellings falling slightly by 0.31% during the year to Q1 2022, following a 5.22% increase the previous year. On a quarterly basis, Israeli house prices declined 1.55% in Q1. The economy is expected to grow by 5% this year, following a 8.2% expansion in 2021 and a 2.2% contraction in 2020.

**Saudi Arabia's** housing market is more or less steady, with the residential real estate price index falling slightly by 0.54% during the year to Q1 2022, an improvement from the previous year's 4.07% fall. Quarter-on-quarter, prices increased by a meagre 0.1% in Q1. The economy is projected to grow strongly by 7.6% this year, after a modest growth of 3.2% in 2021 and a decline of 4.1% in 2020, according to the IMF.

**Qatar's** housing market remains weak, with the nationwide real estate price index falling by 1.69% in Q1 2022 from a year earlier, following y-o-y declines of 4.23% in Q4 2021, 0.14% in Q3, 0.83% in Q2, and 3.18% in Q1. But on a quarterly basis, prices increased 3.3%. Yet Qatar's economic outlook has substantially improved after the Saudis agreed to end their sweeping economic and political blockade in January 2021, restoring the air, land and sea links to the emirate, severed in June 2017. The Qatari economy is expected to expand by 3.4% this year, a sharp improvement from 1.5% growth in 2020 and a 3.6% contraction in 2020.

**Morocco's** housing market condition is worsening, with residential property prices falling by 10.57% during the year to Q1 2022, in sharp contrast to a slight increase of 1.13% in Q1 2021. Quarter-on-quarter, house prices fell 1.87% in Q1. Morocco's economic growth is projected to slow dramatically to 1.1% this year, according to the IMF, following a 7.2% growth in 2021.

Morocco: residential property price index , existing dwellings (Q1 2010=100)



## The Americas: U.S. and Canada's housing boom continues

The U.S. house price boom continues strong with double-digit house price rises and Canada's housing market is now heating up, amidst healthy economic fundamentals.



Figure 4. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures



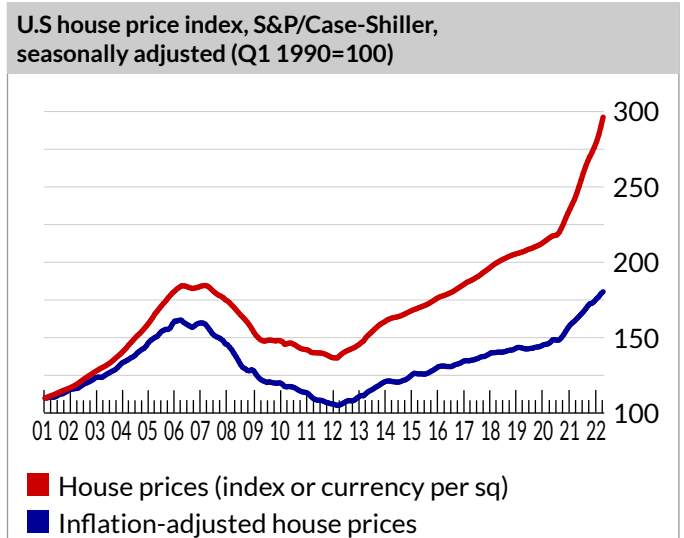
The **U.S.'s** great housing boom continues to strengthen, after nine years of strong house price growth. The S&P/Case-Shiller seasonally-adjusted national home price index surged by 11.05% y-o-y in Q1 2022 (inflation-adjusted), slightly up from the previous year's 10.58% growth and one of the biggest y-o-y increase ever recorded. This is supported by figures released by the Federal Housing Finance Agency, which showed that its seasonally-adjusted purchase-only U.S. house price index rose by almost 10% y-o-y in Q1 2022 (inflation-adjusted), slightly down from the prior year's 10.96% growth.

The S&P/Case-Shiller index rose by 2.63% q-o-q in Q1 2022, while the FHFA index increased 2.24%.

Yet worsening housing affordability is now hurting demand, amidst increasing building costs and higher mortgage rates. In April 2022, existing home sales fell by 5.9% from a year earlier to a seasonally-adjusted annual rate of 5.61 million units. Likewise, sales of new single-family houses fell by 26.9% y-o-y to a seasonally-adjusted annual rate of 591,000 units in April 2022.

U.S. homebuilder sentiment fell by 8 points to 69 in May 2022, the steepest drop since April 2020, amidst rising mortgage rates and building materials costs, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). A reading of 50 is the midpoint between positive and negative sentiment. Sentiment declined in all regions except the Northeast.

The U.S. economy grew by 5.7% during 2021, in contrast to a 3.4% contraction in 2020 and the largest gain since 1984, according to the U.S. Bureau of Economic Analysis (BEA). The U.S. economy is projected to grow by another 3.7% this year, according to the IMF.

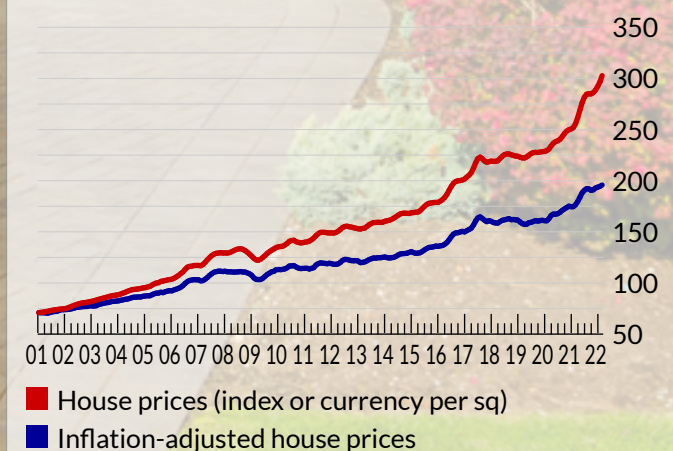


**Canada's** house price growth has been accelerating, amidst the ongoing supply-demand imbalance. Real house prices in the country's eleven major cities rose by a huge 11.01% during the year to Q1 2022, following a y-o-y growth of 8.39% in Q1 2021, and amongst the highest annual increases ever recorded. Quarter-on-quarter, house prices rose 1.5% in Q1.

Demand remains strong. In March 2022, the actual number of sales transactions came in 16.3% below the all-time record set in the same period last year, but it remains the second-highest level on record for the month of March. In 2021, sales transactions totaled 666,995 residential properties, surpassing the annual record of 552,423 sales for all of 2020, according to the Canadian Real Estate Association (CREA). Residential construction is mixed, with housing starts falling by 18.3% y-o-y in Q1 2022 but completions rising by 10.7%.

Canada's economy is projected to grow by a healthy 3.9% this year, following a 4.6% expansion in 2021, according to the IMF. But Bank of Canada's latest growth projection is more optimistic at 4.25%, amidst robust business investment, labour productivity growth and higher immigration.

House prices in Canada, composite of 11 cities (June 2005=100)





## Latin America weakens further

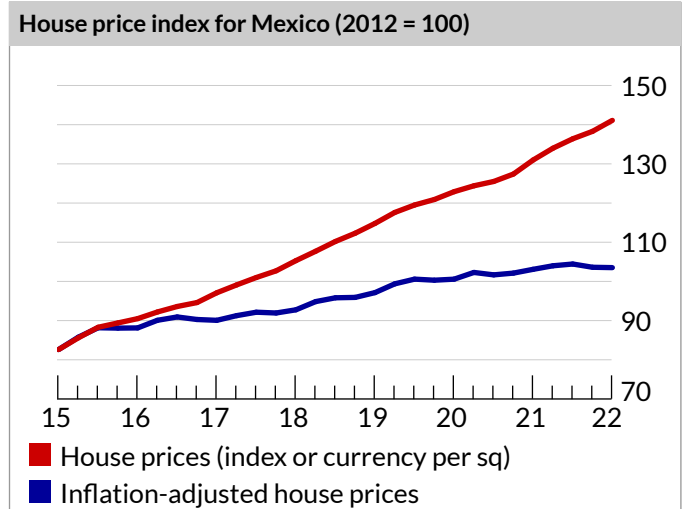
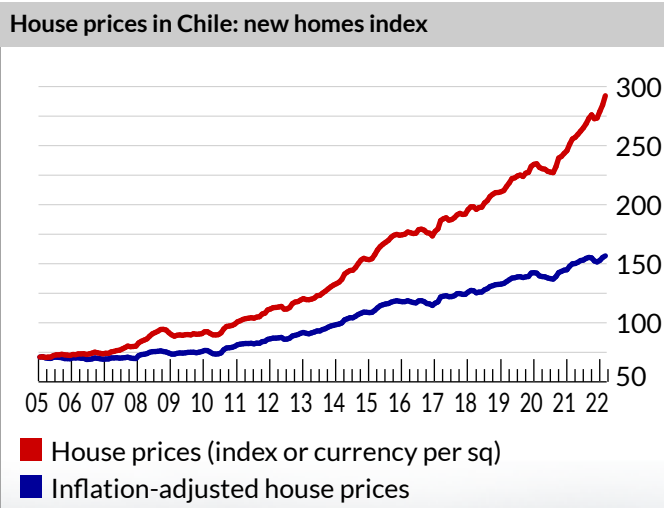


House prices continue to rise in Chile, albeit at a much slower pace, while Mexico remains more or less steady. On the other hand, Brazil, Peru and Colombia are struggling. All registered weaker performances in Q1 2022 compared to a year earlier.

Figure 5. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures



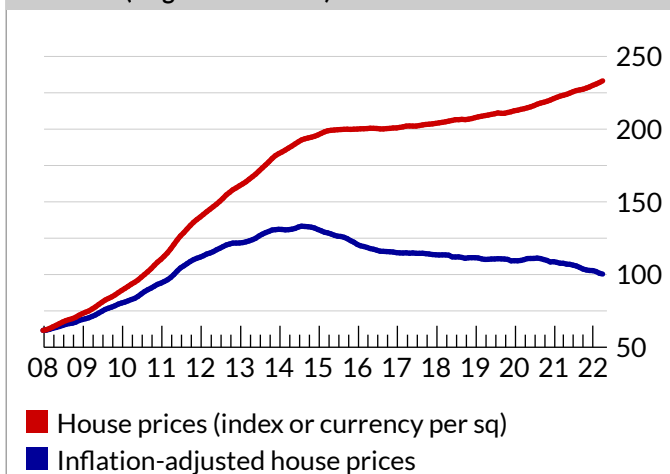
**Chile's** housing market rise is slowing, amidst an economic slowdown. The nationwide average price of new apartments rose by 4.49% y-o-y in Q1 2022, a slowdown from the previous year's 7.31% growth. Chile's economy is projected to grow by a meagre 1.5% this year, sharply down from the strong expansion of 11.7% in 2021. Quarter-on-quarter, house prices increased 3.4% in Q1.



**Mexico's** housing market is stabilizing, with the nationwide house price index rising slightly by 0.41% in Q1 2022 from a year earlier, following y-o-y growth of 2.5% in Q1 2021. On a quarterly basis, house prices fell slightly by 0.09% during the latest quarter. Mexico's economy grew by about 2.8% in 2021, partially recovering from the huge contraction of 8.2% in 2020, and is now expected to expand by a modest 2% this year.

**Brazil's** housing market woes continue, with real house prices in Sao Paulo falling by 6.39% during the year to Q1 2022, worse than the previous year's 1.73% decline. On a quarterly basis, Sao Paulo prices fell by 1.84% in Q1. The Brazilian economy grew by 4.6% in 2021, in contrast to a 3.9% contraction in 2020. However, the economy is projected to grow by a minuscule 0.8% this year, as consumer and business sentiment turned more pessimistic amidst continued socio-political tension.

House prices in Brazil: FIPEZAP price index of real estate, Sao Paulo (August 2010=100)



**Peru's** housing market is now struggling. House prices fell by a huge 8.35% during the year to Q1 2022, worse than the y-o-y fall of 0.35% the previous year. Quarter-on-quarter, house prices dropped 1.25% during the latest quarter.

This is despite the economy growing strongly by 13.3% in 2021, following a pandemic-induced contraction of 11% in 2020. The economy is projected to grow modestly by 3% this year.

**Colombia's** housing market continues to suffer, after several years of vigorous price rises. In Bogotá, house prices fell by a huge 11.55% during the year to Q1 2022, in stark contrast to the previous year's 0.6% y-o-y increase. During the latest quarter, house prices dropped 8.08% q-o-q. Colombia's economy is projected to expand by 5.8% in 2022, following a 10.6% growth in 2021 and a 7% decline in 2020.

## Puerto Rico's housing market recovering

The **Puerto Rican** economy has suffered tremendously for most of the decade. The island has experienced a prolonged economic crisis, massive debt, high unemployment and continuing population loss. With US\$70 billion in debt and US\$50 billion in pension liabilities, Puerto Rico's bankruptcy filing in May 2017 was the biggest in the history of the United States. Puerto Rico's economy has been contracting for most of the decade, except for the 1.5% growth in 2019 and zero growth in 2012.

In 2022, the economy is projected to grow by 4.8%, after travel restrictions were fully lifted and ample fiscal support for tourism was introduced. During 2021, Puerto Rico's economy grew by 1% from a year earlier, following a 3.9% decline in 2020.

Yet in recent years, the housing market has showed signs of recovery. Puerto Rico's seasonally-adjusted purchase-only house price index rose by 2.87% in Q1 2022 from a year earlier. The previous year it rose by 17%. Quarter-on-quarter, house prices increased 5.96% during the latest quarter.

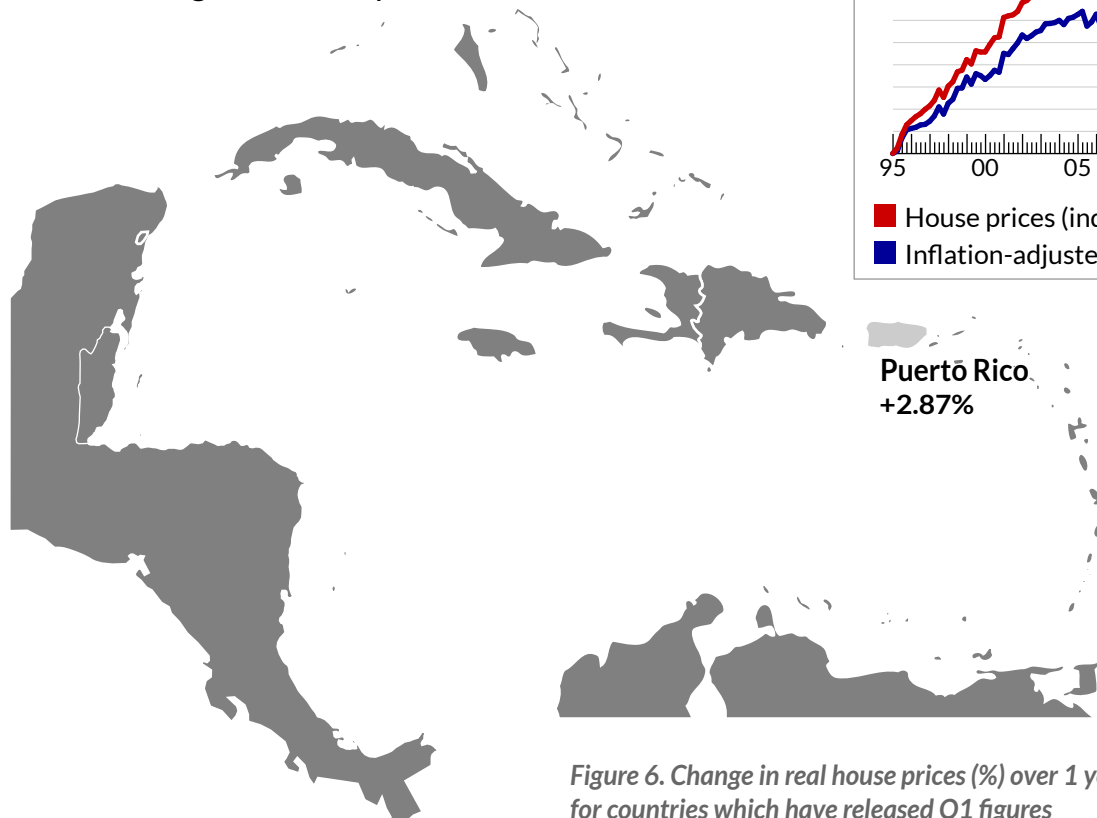
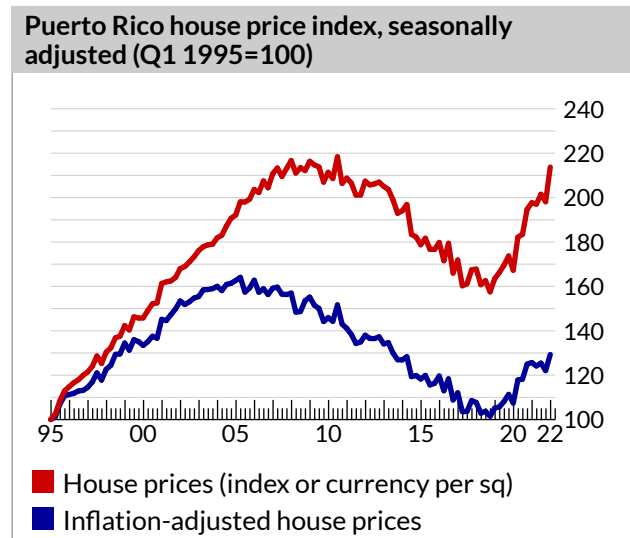


Figure 6. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

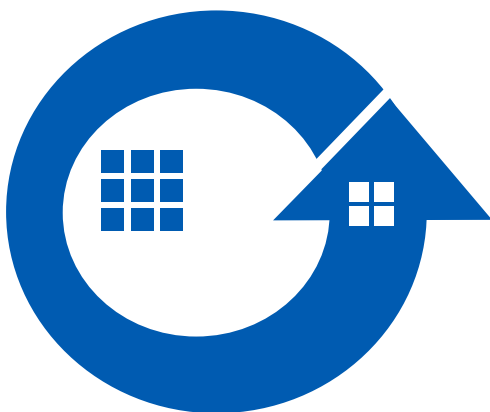


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